



ORIGINAL

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POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

Board of Governors  
United States Postal Service  
475 L'Enfant Plaza, SW  
Washington, DC 20260

May 21, 1998

Dear Sirs;

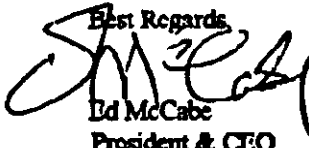
The purpose of this letter is to request that the new rates established in R-97-1 not be implemented until January 18, 1999 or later.

Mystic Color Lab is a through the mail film processor located in Mystic, Connecticut. We have been in operation since 1970. Every year our customers mail to us millions of rolls of film to be developed. In the past few years, however, mail order photofinishing has shrunk from as high as 13% of the photofinishing market, to its current low of only 6%. Our competition has become the mass merchandisers and grocery store chains that do not have the heavy distribution costs that exist for mail order labs.

Our request to delay implementation is based on the following:

- ◆ An increase in postal costs in July or October of this year would have a negative impact on our business since we would need to reduce circulation amounts.
- ◆ The USPS will have more than \$ 1 billion surplus in FY 1998, without any new rates.
- ◆ Consumers would also be burdened by a rate change during the holiday mailing season.
- ◆ Mailers need time to plan — we are now working on our late fall mailing — as well as software vendors who will need to make the necessary changes in short time frame
- ◆ The Board of Governors should not accelerate the payback of prior years' losses at a rate greater than provided by the Postal Rate Commission.

As a dedicated means of delivery, the USPS is our lifeblood. We respect the Postal Services' responsibility regarding the Postal Reorganization Act. We also applaud the fiscal performance of the USPS in recent years. It is, however, this fiscal performance that is at the heart of our request to delay implementation until January 18, 1999 or later.

Best Regards  
  
Ed McCabe  
President & CEO

